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Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 /086 W
----------083198 061048Z /10
R 060845Z JAN 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 5973
INFO AMCONSUL MEDAN
AMEMBASSY SINGAPORE
AMCONSUL SURABAYA
CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: NA
TAGS: PINT, ECON, ID
SUBJECT: PRESIDENT'S BUDGET ADDRESS-POLITICAL ASPECTS

1. SUMMARY: IN HIS 1978 BUDGET ADDRESS JAN. 5 PRESIDENT SUHARTO STRONGLY EMPHASIZED THE DEMOCRATIC BASIS OF THE GOVERNMENT, REITERATED THE THEME OF CONCERN FOR ECONOMICALLY UNDERPRIVILEGED GROUPS, AND ANNOUNCED THAT THE OFFICIAL MILITARY BUDGET WOULD BE DOUBLED. HE WAS APPLAUDED WHEN HE DECLARED THAT THE PARENTAL CONTRIBUTION WOULD BE ABOLISHED FOR ALL SIX GRADES OF ELEMENTARY SCHOOL, AND AGAIN WHEN HE ANNOUNCED ANOTHER STAGE IN THE INCREASE OF CIVIL SERVICE AND MILITARY PENSIONS. END SUMMARY.

2. PRESIDENT SUHARTO DEVOTED THE FIRST FIVE PAGES OF HIS 1978 BUDGET ADDRESS DELIVERED BEFORE PARLIAMENT JAN. 5 TO STRESSING THE IMPORTANCE OF DEMOCRACY AS A BASIS FOR
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INDONESIAN GOVERNMENT. HE NOTED THE IMPORTANCE OF EXCHANGING DIFFERENT VIEWS IN ORDER TO DETERMINE WHAT WAS BEST FOR THE PEOPLE, POINTING OUT THAT PANCASILA DEMOCRACY PROMOTED THE SPIRIT AND PRACTICE OF MUTUAL DELIBERATIONS TO REACH A CONSENSUS. EXPRESSLY RULING OUT BOTH A DICTATORSHIP OF THE MINORITY AND A DICTATORSHIP OF THE MAJORITY, SUHARTO SAID THE MINORITY MUST NOT TRY TO IMPOSE ITS WILL

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BY CLAIMING THAT CONSENSUS HAD NOT BEEN REACHED, NOR MAY THE MAJORITY IMPOSE ITS WILL BE RELYING ON THE PREPONDERANCE OF THEIR VOICES. PANCASILA DEMOCRACY, HE EXPLAINED, ODES NOT IMPLY A COERCIVE SPIRIT OF ONE SIDE-WHETHER STRONG OR WEAK - AGAINT THE OTHER.

3. ANSWERING CRITICISM THAT THE PARLIAMENT HAS ADOPTED GOVERNMENT BUDGET DRAFTS WITHOUT AMENDMENT AND IS THEREFORE UNDEMOCRATIC, THE PRESIDENT STATED THAT DEMOCRACY MUST SERVE THE BEST INTERESTS OF THE PEOPLE AND IS NOT CHARACTERIZED BY CONSTANT OPPOSITION TO ALL GOVERNMENT VIEWS. HE NOTED THAT THERE HAD BEEN INTENSE DEBATES ON PREVIOUS BUDGETS, AND PROMISED THAT THE GOVERNMENT WOULD ALWAYS PAY ATTENTION TO THE VIEWS AND CRITICISMS OF MEMBERS OF PARLIAMENT AS LONG AS THE INTEREST OF THE COMMON PEOPLE IS INVOLVED.

4. SUHARTO EMPHASIZED THAT DEVELOPMENT IN THE ECONOMIC FIELD HAS NOW SPREAD TO ALL PROVINCES AND PENETRATED TO REMOTE VILLAGES. IN THE INTEREST OF A BROADLY SHARED DEVELOPMENT, HE SAID, THE GOVERNMENT HAS PROVIDED ASSISTANCE TO SMALLY ENTREPRENEURS AND THE ECONOMICALLY WEAK CLASS.

5. THE PRESIDENT ANNOUNCED AN INCREASE OF OVER 100 PERCENT IN THE MILITARY SECTION OF THE 1978 DEVELOPMENT (CAPITAL INVESTMENT) BUDGET, RISING FROM 56 BILLION RUPIAHS IN 1977 TO 115 BILLION THIS YEAR. (COMMENT: THE LIMITED OFFICIAL USE

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PRESIDENT DID NOT ELABORATE BUT WE IMAGINE THIS INCREASE IS IN LARGE PART DUE TO REQUIREMENT TO REPLACE OBSOLETE WEAPON SYSTEMS, INCLUDING JET FIGHTER AIRCRAFT, NEXT YEAR.)

6 SUHARTO WAS APPLAUDED WHEN HE ANNOUNCED THAT THE CONTRIBUTION REQUIRED OF PARENTS OF ELEMENTARY SCHOOL STUDNETS TO SUPPLEMENT LIMITED SCHOOL BUDGETS WOULD BE ABOLISHED FOR ALL SIX GRADES AT THAT LEVEL. HE WAS AGAIN APPLAUDED WHEN HE REFERRED TO A 300 PERCENT INCREASE IN CIVIL SERVICE

AND MILITARY PENSIONS FOR THOSE OLD PENSIONERS WHO HAD NOT YET RECEIVED THE 600 PERCENT INCREASE ANNOUNCED LAST YEAR FOR NEW PENSIONS. THOSE WHO REACH AGE 70 IN 1978 WILL GET THE FULL 600 PERCENT INCREASE, HOWEVER.

7 COMMENT: THE PRESIDENT'S OPENING REMARKS ON DEMOCRACY PROVIDED ENCOURAGEMENT TO THOSE WORKING FOR FURTHER DEVELOPMENT OF DEMOCRATIC INSTITUATIONS IN INDONESIA. THEY ALSO SERVED AS A REMINDER TO DISSIDENTS THAT GOVERNMENT WILL NOT COUNTENANCE WHAT IT CONSIDERS TO BE UNDEMOCRATIC AND UNCONSTITUTIONAL METHODS. THE SCHOOL CONTRIBUTION WEIGHED

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HEAVILY ON MANY FAMILIES OF MODEST MEANS,AND THIS YEAR'S
EXTENSION OF THE FEE ELIMINATION TO ALL SIX ELEMENTARY
GRADES (GRADES 1-3 WERE ELIMINATED LAST YEAR) WILL BE
A VERY POPULAR ACTION. THE INCREASE IN PREVIOUS PENSIONS
IS IN ACCORDANCE WITH A PLAN ANNOUNCED LAST YEAR TO RAISE
ALL PENSIONS BY STAGES ENDING IN 1979, THE MAIN IMPACT OF
WHICH WAS TO INSURE THE LOYALTY OF CIVIL AND MILITARY OFFI-
CIALS IN THE GENERAL ELECTION YEAR.
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